

**MONTEREY COUNTY REGIONAL  
FIRE PROTECTION DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



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**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
BOARD OF DIRECTORS  
JUNE 30, 2023**

<u>Member</u>	<u>Office</u>
Warren Poitras	President
Chad Lindley	Director
George Haines	Director
Jim Slaten	Secretary
Aimee Dahle	Director



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Monterey County Regional Fire Protection District  
Salinas, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying modified cash basis financial statements of the governmental activities and major fund of the Monterey County Regional Fire Protection District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and major fund of the District as of June 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matters***

##### ***Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

##### ***Prior Period Adjustment***

As discussed in Note 14 to the financial statements, the District has elected to change its method of accounting for receivables and deferred revenue to more closely follow the modified cash basis of accounting. Our opinion is not modified in respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:


- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the District’s basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 2.

The Board of Directors schedule and Management’s Discussion and Analysis, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



**CliftonLarsonAllen LLP**

Salinas, California  
January 30, 2024

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

This section of the Monterey County Regional Fire Protection District (the District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2023. Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements. Comparisons to and analysis of the prior year are incorporated where appropriate.

**FINANCIAL HIGHLIGHTS**

- The District's net position increased by \$872,447 for the year ended June 30, 2023. Since the District engages only in governmental-type activities, the increase is all in the category of governmental-type net position. Net position (deficit) was \$(622,583) and \$(1,495,030) as of June 30, 2023 and 2022, respectively.
- The District's total general revenues were \$20,899,271 and expenses were \$20,026,824 for the year ended June 30, 2023. The District closed the year with a positive change in net position of \$872,447.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide statements to be combined.

The financial statements include a Balance Sheet and Statement of Net Position (Deficit) – Modified Cash Basis, Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis, Statement of Activities – Modified Cash Basis, Notes to the Financial Statements, a General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Modified Cash Basis, and this Management's Discussion and Analysis. Readers of these financial statements are encouraged to consider the report as a whole to obtain a complete understanding of the District's financial condition.

**Statement of Net Position (Deficit) – Modified Cash Basis**

The Statement of Net Position (Deficit) – Modified Cash Basis is a report of the District's assets, liabilities and net position. Assets and liabilities are reported at book value, on a modified cash basis as of the statement date. Net position is reported in major categories reflecting any restriction thereon.

**Statement of Activities – Modified Cash Basis**

The Statement of Activities – Modified Cash Basis presents the District's revenues collected and expenses paid during the period on a modified cash basis.

**Notes to Basic Financial Statements**

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11 to 22 of this report.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**COMPARATIVE ANALYSIS**

**Statement of Net Position – Modified Cash Basis**

A comparative summary of the District's Statement of Net Position – Modified Cash Basis as of June 30 is as follows:

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 7,022,424	\$ 6,902,813
Receivables, Net	20,676	341,848
Capital Assets, Net	<u>14,165,603</u>	<u>15,001,901</u>
Total Assets	<u>21,208,703</u>	<u>22,246,562</u>
<b>LIABILITIES</b>		
Accrued Payroll	36,165	32,601
Loans Payable	<u>21,795,121</u>	<u>23,442,736</u>
Total Liabilities	<u>21,831,286</u>	<u>23,475,337</u>
<b>NET POSITION (DEFICIT)</b>		
Net Investment in Capital Assets, Net of Related Debt	13,945,482	14,569,165
Unrestricted	(15,328,237)	(16,668,421)
Restricted	<u>760,172</u>	<u>604,226</u>
Total Net Position (Deficit)	<u>\$ (622,583)</u>	<u>\$ (1,495,030)</u>

**Major Factors Affecting the Statement of Net Position (Deficit) – Modified Cash Basis**

Net position increased by \$872,447 over the prior year. This is due primarily to an increase in property tax revenue.

**Capital Assets**

As of June 30, 2023, the District's investment in capital assets totaled \$14,165,603, which is a decrease of \$836,298 over the capital asset balance at June 30, 2022, of \$15,001,901. The decrease is due to the \$1,104,162 depreciation expense exceeding the \$309,111 of equipment purchases and a decrease of \$41,247 related to disposal of capital assets. Capital assets represents the largest portion of the District's net position. The District utilizes its capital assets to provide services that it is responsible for, and these assets do not represent future expendable resources.

**Long-Term Debt**

At June 30, 2023, the District had \$21,795,121 of long-term debt, which is a decrease of \$1,647,615 over the long-term debt balance at June 30, 2022. The decrease is due to the monthly payments on the pension bond obligations.



**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Statement of Activities – Modified Cash Basis**

A summary of the District's Statement of Activities – Modified Cash Basis for the years ended June 30 is as follows:

	<u>2023</u>	<u>2022</u>
<b>GENERAL REVENUES</b>		
Property Taxes	\$ 15,647,946	\$ 14,399,015
Public Safety Revenues	1,292,664	1,205,344
Reimbursements - Equipment and Overtime	653,100	1,270,812
Ambulance Revenue	918,795	705,725
Grants	17,500	335,167
Others	<u>2,369,266</u>	<u>1,803,668</u>
Total General Revenues	20,899,271	19,719,731
 <b>EXPENSES</b>		
Salaries and Employee Benefits	15,461,246	14,764,905
Maintenance and Operations	2,274,961	1,914,415
Grant Expenditures	12,591	9,503
Contracted Fire Protection	350,000	300,000
Depreciation	1,104,162	1,081,317
Others	<u>823,864</u>	<u>880,241</u>
Total Expenses	<u>20,026,824</u>	<u>18,950,381</u>
 <b>CHANGE IN NET POSITION</b>	 <u>\$ 872,447</u>	 <u>\$ 769,350</u>

**Major Factors Affecting the Statement of Activities – Modified Cash Basis**

Total revenues increased \$1,179,540 when compared to the previous year primarily due to an increase in property taxes and a change in the timing of the cannabis tax billing cycle.

Total expenses increased \$1,076,443 when compared to the previous year primarily due to an increase in salaries and benefits including retirement, health insurance and workers compensation. There was also an increase in the contracted fire protection fee as well as increases in the majority of general services and supplies.

**Budgeting Highlights**

The original budgeted revenues were increased by \$703,924 primarily due to anticipated increases in property tax revenue.

The original budgeted expenses were increased by \$1,028,232. The primary reason for the increase was an increase in anticipated salary and benefits and maintenance and operations.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FACTORS AFFECTING FUTURE PERIODS AND OTHER ISSUES**

Significant factors noted by management affecting future periods are as follows:

The City of Salinas continues to move toward a major annexation of territory currently in the District. The District staff is working with LAFCO & the County regarding loss of property tax growth and the affect this will have on the District long term.

The stability of the local cannabis industry remains uncertain as a consistent revenue stream.

The District will continue to be cognizant of PERS impacts, workers compensation rate increases and employee healthcare premiums.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of the Monterey County Regional Fire Protection District finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Monterey County Regional Fire Protection District, 19900 Portola Drive, Salinas, CA 93908.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
BALANCE SHEET AND STATEMENT OF NET POSITION (DEFICIT)  
MODIFIED CASH BASIS  
JUNE 30, 2023**

	General Fund	Adjustments (See Note 2)	Statement of Net Position
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,022,424	\$ -	\$ 7,022,424
Receivables:			
Other	20,676	-	20,676
Capital Assets, Net of Accumulated Depreciation	-	14,165,603	14,165,603
Total Assets	<b>\$ 7,043,100</b>	<b>\$ 14,165,603</b>	<b>\$ 21,208,703</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accrued Payroll	\$ 36,165	\$ -	\$ 36,165
Loans Payable:			
Due Within One Year	-	1,705,121	1,705,121
Due in More Than One Year	-	20,090,000	20,090,000
Total Liabilities	36,165	21,795,121	21,831,286
<b>FUND BALANCES</b>			
Restricted - Fire Mitigation Fees	760,172	(760,172)	-
Unassigned	6,246,763	(6,246,763)	-
Total Fund Balances	7,006,935	(7,006,935)	-
Total Liabilities and Fund Balances	<b>\$ 7,043,100</b>		
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets, Net of Related Debt		13,945,482	13,945,482
Unrestricted		(15,328,237)	(15,328,237)
Restricted:			
Fire Mitigation Fees		760,172	760,172
Total Net Deficit		<b>\$ (622,583)</b>	<b>\$ (622,583)</b>

See accompanying Notes to Basic Financial Statements.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
AND STATEMENT OF ACTIVITIES  
MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023**

	General Fund	Adjustments (See Note 2)	Statement of Activities
<b>GENERAL REVENUES</b>			
Property Taxes	\$ 15,647,946	\$ -	\$ 15,647,946
Public Safety	1,292,664	-	1,292,664
Reimbursements - Equipment and Overtime	653,100	-	653,100
Ambulance	918,795	-	918,795
Grants	17,500	-	17,500
Fire Mitigation Fees	155,946	-	155,946
Cannabis Taxes	806,417	-	806,417
Fire Prevention Fees	97,371	-	97,371
Gain (Loss) on Sale of Capital Assets	-	16,157	16,157
Investment Earnings	92,544	-	92,544
Miscellaneous	1,200,831	-	1,200,831
Total General Revenues	20,883,114	16,157	20,899,271
<b>EXPENDITURES</b>			
Fire Protection - Operations:			
Salaries and Employee Benefits	15,461,246	-	15,461,246
Maintenance and Operations	2,274,961	-	2,274,961
Grant Expenditures	12,591	-	12,591
Contracted Fire Protection	350,000	-	350,000
Depreciation	-	1,104,162	1,104,162
Capital Outlay	309,111	(309,111)	-
Debt Service:			
Principal	1,647,615	(1,647,615)	-
Interest	823,864	-	823,864
Total Expenditures	20,879,388	(852,564)	20,026,824
<b>EXCESS OF EXPENDITURES OVER REVENUES BEFORE OTHER FINANCING RESOURCES</b>	3,726	(3,726)	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Sale of Capital Assets	57,404	(57,404)	-
Total Other Financing Sources (Uses)	57,404	(57,404)	-
<b>NET CHANGE IN FUND BALANCE/NET POSITION</b>	61,130	811,317	872,447
Fund Balances/Net Position (Deficit) - Beginning of Year, As Restated	6,945,805	(8,440,835)	(1,495,030)
<b>FUND BALANCES/NET POSITION (DEFICIT) - END OF YEAR</b>	\$ 7,006,935	\$ (7,629,518)	\$ (622,583)

See accompanying Notes to Basic Financial Statements.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 ORGANIZATION AND DESCRIPTION OF DISTRICT**

The Monterey County Regional Fire Protection District (the District) was formed in 1934 to provide fire protection and emergency services. The original boundaries surrounded the City of Salinas and ran down River Road to Pine Canyon. Over the years, annexations into the District have increased its service area to approximately 360 square miles with a population of about 40,000 residents. The District changed its original name, Salinas Rural Fire Protection District to Monterey County Regional Fire Protection District in November 2009 and the District merged with Carmel Valley Fire Protection District on July 1, 2012. The District is governed by a five-member board of directors (the Board) that is appointed by the Board of Supervisors of Monterey County. The District operates as an independent governmental entity under the California Health and Safety Code, Section 13800.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Monterey County Regional Fire Protection District are summarized as follows:

**Basis of Accounting**

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

**Basis of Presentation**

The District has chosen to present its financial statements using the reporting model for special-purpose governments engaged only in a single governmental program. This model allows the fund financial statements and the government-wide statements to be combined.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (Continued)**

The government-wide financial statements are prepared using the modified cash basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account groups but report on the District as a whole and consist of a statement of net position and statement of activities.

In addition to the government-wide financial statements, the District also presents fund financial statements that consist of a balance sheet and statement of revenues, expenditures, and changes in fund balances. These statements are presented based on the modified cash basis of accounting.

**Adjustments to Convert Statements to Modified Cash Basis**

The adjustments needed to adjust the balance sheet and statement of revenue, expenditures and changes in fund balances of the District to a modified cash basis which consists of a statement of net position and statement of activities is as follows:

*Reconciliation of the balance sheet – modified cash basis to the statement of net position – modified cash basis:*

Total Fund Balances - Governmental Funds	\$ 7,006,935
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets not reported in the fund financial statements because they are not current financial resources but are reported in the statement of net position.	14,165,603
Loans payable not reported in the fund financial statement because they are not current financial obligations but are reported in the statement of net position.	<u>(21,795,121)</u>
Net Position (Deficit) of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ (622,583)</u></u>

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adjustments to Convert Statements to Modified Cash Basis (Continued)**

*Reconciliation of statement of revenues, expenditures, and changes in fund balances – modified cash basis to statement of activities – modified cash basis:*

Net Change in Fund Balances - Governmental Funds	\$	61,130
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources but are reported as capital assets in the statement of activities but are depreciated over the estimated useful life on the statement of activities:

Capital Outlay		309,111
Depreciation		(1,104,162)
Gain (Loss) on Disposal of Assets		(41,247)

Principal on debt service is reported as expenditures in the fund financial statements because they use current financial resources, but are reported as a reduction in debt on the statement of net position.

		1,647,615
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Change in Net Position of Governmental Activities		\$ 872,447
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**Cash and Investments**

Pooled cash and investment accounts, which essentially operate as demand deposit accounts, are maintained by the Monterey County Treasurer's Office. Available cash balances are controlled and invested by the County Treasurer in pooled investment funds in order to provide safety, liquidity and high investment returns for all funds. Interest earnings from these funds are generally credited to the District's account on a quarterly basis based on its relative equity. The investments are stated at fair value, which equates cost.

An individual fund's deposit in the pool can be liquidated at any time and therefore is considered a "cash equivalent" when preparing the financial statements.

The Monterey County Treasurer's investment policy is in compliance with Section 53601 of the Government Code of the state of California, which permits investments in certain securities and participation in certain investment trading techniques or strategies.

The District also has cash held with a banking institution for accounts payable and payroll purposes.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

It is the District's policy to allow employees to accumulate vacation and sick leave at varying durations depending on years of service. The amount of potential vacation and sick leave at June 30, 2023, has not been calculated by the District.

**Capital Assets**

Capital assets, which include property, plant, and equipment assets, are reported in the government-wide financial statement. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 for equipment and \$10,000 for structure, and an estimated useful life in excess of one year. Capital assets are accounted for at historical cost or estimated historical cost if actual historical cost is not known. Donated capital assets are accounted for at their estimated fair value on the date received. Purchased capital assets are recorded as expenditures in the governmental type funds. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated on a straight-line basis over their estimated useful lives; structures and improvements 10 to 50 years, equipment and vehicles 5 to 20 years.

**Long-Term Obligations**

In the government-wide financial statement long-term debt is reported as liabilities.

**Net Position**

The statement of net position presents the District's assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

*Net Investment in Capital Assets* – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for notes and other debt attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – results when constraints placed on net position use is either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.



**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes**

The County of Monterey is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions, including the District. Secured property taxes for each year ended June 30 are payable in equal installments, November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for as collected and remitted by the County in the governmental funds. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31.

**Effects of New Pronouncements**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The District adopted the requirement of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this statement had no impact on the accompanying financial statements.

**Fund Balance**

In the fund financial statements, fund balance consists of nonspendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balances are amounts restricted to specific purposes. Committed fund balances are amounts that can only be used for specific purposes as pursuant to official action by the Board prior to the end of the reporting period. Assigned fund balances are amounts the Board intends to use for a specific purpose but is neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, the District has elected to use restricted resources first, followed by unrestricted amounts, respectively.

The Board has not established a policy for defining funds as committed or assigned, thus any funds which do not meet the definition of nonspendable or restricted are presented as unassigned.

**Use of Estimate**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2023, consisted of the following:

Cash on Hand	\$ 250
Deposits With Financial Institutions	341,921
Monterey County Investment Pool	6,680,253
Total Cash and Cash Equivalents	<u>\$ 7,022,424</u>

**Investment in County Treasury**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**Custodial Credit Risk Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a deposit policy that complies with California Government Code Section commencing at 53630 (Public Deposits). As of June 30, 2023, \$349,169 of the District's bank balances of \$599,169 was exposed to custodial credit risk as uninsured, but it is collateralized by the pledging bank's trust department not in the District's name.

**NOTE 4 CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Land	\$ 264,019	\$ -	\$ -	\$ 264,019
Structures and Improvements	11,551,281	-	-	11,551,281
Equipment	11,848,423	280,849	(161,265)	11,968,007
Construction in Progress	435,627	28,262	-	463,889
Less: Accumulated Depreciation	(9,097,449)	(1,104,162)	120,018	(10,081,593)
Total	<u>\$ 15,001,901</u>	<u>\$ (795,051)</u>	<u>\$ (41,247)</u>	<u>\$ 14,165,603</u>

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 LONG-TERM DEBT**

Long-term debt balances and transactions for the year ended June 30, 2023, are as follows:

	July 1, 2022	Additions	Retirements	June 30, 2023	Due Within One Year
Pension Obligation Bonds	\$ 23,010,000	\$ -	\$ 1,435,000	\$ 21,575,000	\$ 1,485,000
Municipal Finance Corp	432,736	-	212,615	220,121	220,121
Total	<u>\$ 23,442,736</u>	<u>\$ -</u>	<u>\$ 1,647,615</u>	<u>\$ 21,795,121</u>	<u>\$ 1,705,121</u>

**Pension Obligation Bonds**

On April 1, 2012, the District purchased pension obligation bonds for the sole purpose of refinancing the outstanding “side fund” obligations in the amount of \$9,260,000. The bonds are subject to mandatory redemption every year between September 1, 2012, and September 1, 2027, with increase in interest rate of .75% to 5.65%, as set forth in the “indenture of trust.”

On November 1, 2019, the District purchased pension obligation bonds for the sole purpose of refinancing the outstanding “unfunded accrued liability (UAL)” obligations in the amount of \$20,250,000. The bonds are subject to mandatory redemption every year between September 1, 2020, and September 1, 2039, with increase in interest rate of 2.20% to 3.60%, as set forth in the “indenture of trust.”

This debt was incurred to retire a previously unrecorded liability between the District’s funded status of the CalPERS plan versus the funded status of the entire risk pool.

**Municipal Finance Corp**

On June 7, 2012, the District entered into a 12-year agreement with Municipal Finance Corporation for the purpose of consolidating its outstanding debt in the amount of \$2,123,756 at an interest rate of 3.5%. The District consolidated an outstanding loan of \$912,711, used for the Toro Expansion Project and Certificates of Participation issued by Carmel Valley Fire Protection District in the amount of \$1,211,045, used for improvements to its fire station facilities.

Long-term debt repayments are as follows:

<u>Years Ending June 30,</u>	<u>Principal Repayments</u>	<u>Interest</u>	<u>Total Payments</u>
2024	\$ 1,705,121	\$ 764,110	\$ 2,469,231
2025	1,540,000	701,969	2,241,969
2026	1,600,000	641,429	2,241,429
2027	1,660,000	576,264	2,236,264
2028	1,725,000	506,370	2,231,370
Thereafter	13,565,000	3,081,932	16,646,932
Total	<u>\$ 21,795,121</u>	<u>\$ 6,272,074</u>	<u>\$ 28,067,195</u>

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 FUND BALANCE – DESIGNATED**

**Designated**

The Board of Directors of the District have designated certain revenues towards tentative spending plans. These revenues have been designated as follows:

Emergencies	\$ 802,168
Internal UAL Leave Payout at Separation	1,123,107
Defibrillator Replacement	191,450
Specialized Equipment	153,200
SCBA Cylinder Replacement	167,622
Apparatus	5,739
Contingencies	60,000
Total	<u>\$ 2,503,286</u>

Since the District has not adopted a policy defining funds as committed or assigned as required by GASB Statement No. 54, the designated funds are not reflected on the balance sheet.

**NOTE 7 GENERAL FUND – RESTRICTED**

**Fire Mitigation Fees**

The District adopted Resolution 1996 01, January 30, 1996, pertaining to imposing fire development fees on new construction developments within the District. The purpose of the fee is to enable the District to provide and maintain its level of service of fire protection services. As required by Ordinance 3602 of the Monterey County Code, all fees collected shall be segregated and expended for the purpose of providing capital facilities and equipment to serve new development within the service area of the District. The fire mitigation fee balance is \$760,172 as of June 30, 2023.

**NOTE 8 PENSION PLAN**

**Plan Descriptions**

All qualified permanent and probationary employees are eligible to participate in the local government's separate Safety (fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the plans are established by state statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 PENSION PLAN (CONTINUED)**

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
<u>Hire Date</u>		
Benefit Formula	2.0% at 60	2% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-63	52-67
Monthly Benefits, as a Percent of Eligible Compensation	1.0% to 2.4%	1.0% to 2.5%
Required Employee Contribution Rate	7%	7.25%
Required Employer Contribution Rate	9.79%	7.76%
	<u>Safety</u>	
	<u>Prior to January 1, 2013</u>	<u>On or After January 1, 2013</u>
<u>Hire Date</u>		
Benefit Formula	3% at 55	2.7% at 57
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-55	50-57
Monthly Benefits, as a Percent of Eligible Compensation	2.4% to 3.0%	2.0% to 2.7%
Required Employee Contribution Rate	9%	13.75%
Required Employer Contribution Rate	23.68%	13.66%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2023**

**NOTE 8 PENSION PLAN (CONTINUED)**

**Contributions (Continued)**

For the year ended June 30, 2023, the contributions paid for each plan were as follows:

	Miscellaneous	Safety
Contributions - Employer	\$ 20,673	\$ 1,612,686

**Pension Obligation Bonds**

The District issued pension obligation bonds on April 1, 2012, and November 1, 2019, in the amount of \$9,260,000 and \$20,250,000, respectively, which was used for the purpose of retiring a previously unrecorded liability for the District's unfunded PERS obligations.

The District's financial statements are presented on the modified cash basis of accounting therefore long-term liabilities such as pension liability are not reflected in the financial statements.

**NOTE 9 DEFERRED COMPENSATION PLAN**

The District has a deferred compensation plan for its eligible employees wherein amounts earned by the employees are paid at a future date. This plan meets the requirements of the Internal Revenue Code (IRC) Section 457, *Deferred Compensation Plan*. All full-time, regular employees are eligible to participate in the plan beginning on the day of hire. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The plan was originally established in conformity with Section 457 of the IRC which prevented governments from placing plan assets in a trust for the benefit of participants. Consequently, the participating employees' assets were potentially at risk of loss by the claims of the District's general creditors. In 1996, Congress amended Section 457 by requiring governments to place plan assets in a trust for the exclusive benefit of participants and their beneficiaries, thus protecting the plan assets from the District's general creditors.

Through its plan administrators, the District has complied with the amended Section 457 requirements. GASB Statement No. 32 states that if a fiduciary relationship no longer exists between the governmental entity and the Section 457 Deferred Compensation Plan, the governmental entity should no longer report the assets of the plan in its financial statements.

The District believes that, since it does not provide investment advice or administer the plan, it does not maintain a fiduciary relationship with the plan. Therefore, it does not report the plan assets in its financial statements.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description**

Upon retirement, the District shall contribute the statutory minimum contribution required under PEMHCA to eligible retirees (as defined by California Government Code at Section 22760) who elect to continue the District's health insurance benefits administered by CalPERS. In addition, for eligible retirees hired before January 1, 2021 (for Local 2606 employees) and before January 1, 2022 (for Admin Unit employees), the District will reimburse an amount up to the difference between the statutory minimum contribution required under PEMHCA and the then current premium rate for the "Basic Plan" for "Single" under the PERS Platinum Plan, up to age 65. For the former Carmel Valley Fire District retirees, the District is required to pay 75% of the PORAC premium rate for the retiree and dependents. This is a lifetime benefit.

**Funding Policy**

The contribution rate is determined annually by the CalPERS Board of Directors premiums. The healthcare reimbursement rates for the District's retirees are defined in the Memorandum of Understanding between the District and the various employee groups. The District currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits. As of June 30, 2023, the District has 34 retirees receiving benefits, 19 active employees eligible to receive benefits in the future, and 49 active employees not yet fully eligible for benefits.

The District's financial statements are presented on the modified cash basis of accounting therefore long-term liabilities such as OPEB liability are not reflected in the financial statements.

**NOTE 11 JOINT VENTURES**

The District participates in two joint ventures under joint power agreements (JPA's); the Fire District Association of California-Fire Agency Self Insurance System and the Fire Agencies Insurance Risk Authority. The relationships between the District and the JPA's are such that neither JPA is a component unit of the District for financial reporting purposes.

The Fire Agency Self Insurance System (FASIS) arranges for workers' compensation insurance for its members, all of which are fire districts located within California. FASIS is governed by a board of directors consisting of representatives from member districts. The board controls the operations of FASIS, including selection of management and approval of operating budgets, independent of any influence by member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage required and shared surpluses and deficits proportionately to their participation in FASIS.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 11 JOINT VENTURES (CONTINUED)**

The Fire Agencies Insurance Risk Authority (FAIRA) arranges for liability and property insurance for its members, all of which are fire districts located within California. FAIRA is governed by a board of directors consisting of representatives from member districts. The board controls the operations of FAIRA, including selection of management and approval of operating budgets, independent of any influence by member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage required and shares surpluses and deficits proportionately to their participation in FAIRA.

**NOTE 12 RISK MANAGEMENT**

The District is exposed to various risks of loss to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries all its coverage of these risk and also workers' compensation through its membership in FASIS and FAIRA.

**NOTE 13 FIRE PROTECTION AND EMERGENCY SERVICES**

The District has contracted with the City of Salinas Fire Department to receive fire protection and emergency services within the District's boundaries. For the year ended June 30, 2023, the District paid \$350,000 for these services.

**NOTE 14 NET POSITION RESTATEMENT**

The District's opening net position has been restated due to a change in accounting principle. The District no longer records accounts receivable that is yet to be collected, and deferred revenue that has yet to be recognized to more consistently reflect the modified cash basis of accounting. The impact of the restatement was an increase in net position deficit in the amount of \$266,255. The opening net position was restated as follows:

	<u>As Previously Reported</u>	<u>Restatement Adjustment</u>	<u>As Restated</u>
Net Position Deficit	<u>\$ (1,228,775)</u>	<u>\$ (266,255)</u>	<u>\$ (1,495,030)</u>



**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>GENERAL REVENUES</b>				
Property Taxes	\$ 13,847,473	\$ 14,513,595	\$ 15,647,946	\$ 1,134,351
Public Safety	1,205,344	1,292,664	1,292,664	-
Ambulance	500,000	525,000	918,795	393,795
Reimbursements - Equipment and Overtime	139,000	121,000	653,100	532,100
Grants	185,373	50,000	17,500	(32,500)
Fire Mitigation Fees	150,000	125,000	155,946	30,946
Cannabis Taxes	425,000	325,000	806,417	481,417
Fire Prevention Fees	90,000	150,000	97,371	(52,629)
Investment Earnings (Loss)	-	-	92,544	92,544
Proceeds for Sale of Capital Assets	-	35,000	57,404	22,404
Other Revenues	122,645	231,500	1,200,831	969,331
Total General Revenues	16,664,835	17,368,759	20,940,518	3,571,759
<b>EXPENDITURES</b>				
Salaries and Employee Benefits:				
Salaries	7,047,509	7,369,508	7,010,928	358,580
Overtime*	1,363,032	1,525,960	2,423,865	(897,905)
Retirement	1,717,316	1,753,733	1,761,182	(7,449)
Health Insurance	1,907,886	1,969,742	1,871,022	98,720
Longevity and Educational Pay	880,247	918,623	821,466	97,157
Workers' Compensation Insurance	1,091,347	1,151,442	1,156,888	(5,446)
Social Security and Medicare	137,100	143,515	150,021	(6,506)
Volunteer Pay	21,000	-	-	-
Sick and Vacation Payout	88,250	81,862	182,704	(100,842)
Uniform Allowance	48,455	51,005	48,613	2,392
Long-Term Disability	27,942	24,780	25,606	(826)
Unemployment	15,750	9,758	8,951	807
Total Salaries and Employee Benefits	14,345,834	14,999,928	15,461,246	(461,318)

*See accompanying Note to General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Modified Cash Basis.*

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – MODIFIED CASH BASIS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Maintenance and Operations:				
Other Professional Services	\$ 307,272	\$ 365,890	\$ 409,934	\$ (44,044)
Vehicle Maintenance	208,140	251,865	299,375	(47,510)
County Radio	194,437	217,164	217,083	81
Medical Supplies	101,856	97,743	95,978	1,765
Station Expense	36,775	50,056	40,280	9,776
COVID Expenses	10,193	20,460	18,262	2,198
General Liability Insurance	161,000	195,583	192,647	2,936
Gasoline and Fuel	102,000	160,000	158,109	1,891
Building Maintenance	75,900	78,200	86,860	(8,660)
Medical Services	60,361	58,440	18,114	40,326
District Special Expense	52,984	62,197	102,025	(39,828)
Equipment Maintenance	48,714	60,585	57,750	2,835
Utilities	48,000	52,000	58,405	(6,405)
Telephone	34,140	33,900	32,331	1,569
Protective Clothing	40,739	83,133	91,928	(8,795)
Conference and Schools	53,410	51,213	33,754	17,459
Office Supplies	20,700	28,050	29,626	(1,576)
Communication Maintenance	51,916	51,041	13,711	37,330
Subscriptions	51,382	56,804	54,095	2,709
Auditing Services	22,000	23,500	23,400	100
Legal Services	300,000	300,000	74,691	225,309
Water	22,000	25,000	26,405	(1,405)
Computer Maintenance	14,656	24,982	24,572	410
Education and Training	20,460	34,484	32,615	1,869
Permits	8,250	9,254	4,387	4,867
Food	11,000	12,000	48,165	(36,165)
Sewer and Garbage	10,000	11,000	10,848	152
Breathing Support	4,850	5,000	9,359	(4,359)
Leases and Rentals	6,200	2,000	76	1,924
Memberships	4,279	3,665	2,114	1,551
Bank Service Charge	1,000	1,000	759	241
Directors' Fees	3,990	-	-	-
Small Tools	1,800	2,100	1,360	740
Legal Notices	2,500	2,000	324	1,676
Stationary Cascade Systems	3,975	3,725	1,190	2,535
Air Systems Maintenance	2,560	4,200	4,429	(229)
Total Maintenance and Operations	2,099,439	2,438,234	2,274,961	163,273

See accompanying Note to General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Modified Cash Basis.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – MODIFIED CASH BASIS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Grant Expenditures	\$ 10,000	\$ 19,900	\$ 12,591	\$ 7,309
Contracted Fire Protection	300,000	350,000	350,000	-
Capital Outlay:				
Equipment	576,697	480,180	260,532	219,648
Facilities	378,000	428,000	-	428,000
Structure	125,000	152,000	48,579	103,421
Grant Capital Expenditure	6,480	-	-	-
Total Capital Outlay	<u>1,086,177</u>	<u>1,060,180</u>	<u>309,111</u>	<u>751,069</u>
Contingency	60,000	60,000	-	60,000
Debt Service:				
Principal	1,590,365	1,647,615	1,647,615	-
Interest	880,247	824,437	823,864	573
Total Debt Service	<u>2,470,612</u>	<u>2,472,052</u>	<u>2,471,479</u>	<u>573</u>
Total Expenditures	<u>20,372,062</u>	<u>21,400,294</u>	<u>20,879,388</u>	<u>520,906</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (3,707,227)</u>	<u>\$ (4,031,535)</u>	<u>\$ 61,130</u>	<u>\$ 4,092,665</u>

See accompanying Note to General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Modified Cash Basis.

**MONTEREY COUNTY REGIONAL FIRE PROTECTION DISTRICT  
NOTE TO GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL – MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 BUDGET**

The Board of Directors legally adopts an annual operating budget which may be amended by the Board throughout the year. The budget is prepared on the modified cash basis of accounting, which is the same basis of actual results. Budget amounts reflect the original budget adopted by the Board and the final budget after all applicable amendments. All budget appropriations lapse at year-end.

\*The District budgets for anticipated overtime but does not budget for reimbursable overtime as this can vary greatly year to year based on demand. Budget variance noted is primarily due to reimbursable overtime.



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